



DAVID Y. IGE  
GOVERNOR

MIKE MCCARTNEY  
DIRECTOR

## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of  
**MIKE MCCARTNEY**  
Director

Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON FINANCE**

Wednesday, March 27, 2019  
2:00 PM  
State Capitol, Conference Room 308

In consideration of  
**SB 409, SD2, HD1**  
**RELATING TO THE ELECTRIC VEHICLES.**

Chair Luke, Vice Chair Cullen and Members of the Committee. The Department of Business, Economic Development, and Tourism (DBEDT) **offers comments** on SB409, SD2, HD1 which establishes an annual vehicle registration surcharge fee for electric vehicles (EVs), plug-in hybrid electric vehicles, alternative fuel vehicles, and hybrid vehicles to be deposited into the state highway fund.

Transitioning Hawaii's ground transportation to more fuel-efficient engines is critical to achieving Hawaii's statewide energy policy goal of eliminating ground transportation fossil fuel consumption. DBEDT recognizes that the transition will impact the funding stream generated through fuel taxation in the long term; however, EVs currently represent less than one percent of vehicles in Hawaii and is not expected to create a significant revenue source in the near term. Electric vehicles and hybrids support the state's energy policy; therefore, DBEDT would not want a fee to be misconstrued as a lack of support for consumers' adoption of alternative fuel vehicles.

DBEDT respectfully defers to the Hawaii Department of Transportation for identifying efficient and adequate adjustments to user fees. DBEDT understands the State of Hawaii is looking for possible ways to improve funding for our roadways through the Hawaii Road Usage Charge Demonstration (HiRUC) project. HiRUC is currently scheduled to be piloted in late 2019 and continue through 2020, with a final report in 2021. DBEDT recommends outcomes of the HiRUC be used to inform the development of surcharges.

Thank you for the opportunity to testify.

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MOTOR VEHICLE, Surcharge on Registration Fee for Electric Vehicles

BILL NUMBER: SB 409, HD-1

INTRODUCED BY: House Committee on Transportation

EXECUTIVE SUMMARY: Requires payment of an additional \$\_\_ annual registration fee for electric and alternative fuel vehicles to go to the state highway fund.

SYNOPSIS: Amends section 249-31, HRS, to provide that electric vehicles and alternative fuel vehicles shall pay an annual vehicle registration surcharge fee of \$\_\_, which shall be assessed and collected for each described vehicle and shall be deposited into the state highway fund.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: The motor vehicle weight tax and registration fees are user charges designed to recover the cost of construction and maintenance of Hawaii's highway system. It should be remembered that all motorists use the state highways and should, therefore, lend a hand in paying for good and safe roads.

A large part of the state highway fund, which is the primary fund paying for road and bridge repairs, maintenance, and new projects, comes from the state fuel tax. Fuel tax is currently applied only to fossil fuel, leading to the anomaly that electric vehicles and alternative fuel vehicles pay less or no fuel tax but still use and cause wear and tear on the roads. The bill attempts to address this by making such vehicles pay more in annual registration fees.

As a technical matter, the revenue disposition provision is unclear. We suggest the following alternative wording:

(b) From each annual motor vehicle registration fee, the director shall deposit ~~[\$40 into the state highway fund and]~~ \$5 per vehicle into the emergency medical services special fund~~[-]~~, with the balance to be deposited into the state highway fund."

Digested 3/26/2019



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

HOUSE COMMITTEE ON FINANCE  
Wednesday, March 27, 2019 — 2:00 p.m. — Room 308

**Ulupono Initiative Provides Comments on SB 409 SD 2, Relating to Electric Vehicles**

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee:

My name is Murray Clay and I am the Managing Partner of Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable clean renewable energy; and better manage waste and fresh water resources.

**Ulupono provides comments on SB 409 SD 2**, which establishes an annual electric vehicle registration surcharge fee, because it discourages the use of more efficient, cleaner forms of ground transportation.

Ulupono opposes any additional surcharge fee on cleaner, more efficient vehicles because we believe this contradicts the State's goals related to cost of living, the environment, global warming, clean energy, and improved health.

All drivers contribute different amounts to the State Highway Fund via registration fees, weight taxes, and gas taxes. However, only the gas tax is loosely correlated to how much a driver actually "uses" the State roadways and that varies based on how efficient a vehicle one drives. Even a vehicle that uses very little of the State roadways contributes significantly to the highway fund since registration and weight taxes account for 2/3 of what the driver contributes to the highway fund each year. In short, the current system is simply not capable of directly aligning road usage with contributions to the highway fund and we do not believe this proposal is a proper remedy to the current system.

If the legislators are to prioritize funding the highway over the State's economic, environmental, energy, and health goals, and aims to have any fees, surcharges or taxes be equitable, then we strongly encourage the Committee to defer this measure and address these needs when the State DOT finishes the Road User Charge pilot and can implement a new system that can be designed to meet your implied intentions.

However, Ulupono will always strongly encourage and support trying to align funding

*Investing in a Sustainable Hawai'i*

needs while encouraging drivers to choose more efficient, cleaner vehicles since they bring economic, environmental, energy, and health benefits to our communities.

Electric vehicles (EVs) are an important avenue to address Hawai'i's pressing climate issues and align with the State's energy and environmental goals. The State should take a holistic approach to advance our energy and environmental goals, including a consistent demonstration of support for EVs, and should be cognizant of the negative impacts that this bill may cause.

EVs currently offer an effective option to progress clean renewable ground transportation and immediate benefits to Hawai'i:

- EVs can alleviate Hawai'i's high cost of living
- EVs provide immediate impact to reduce our dependence on fossil fuels and decrease greenhouse gas (GHG) emissions
- Hawai'i should be sending a message of support for EVs

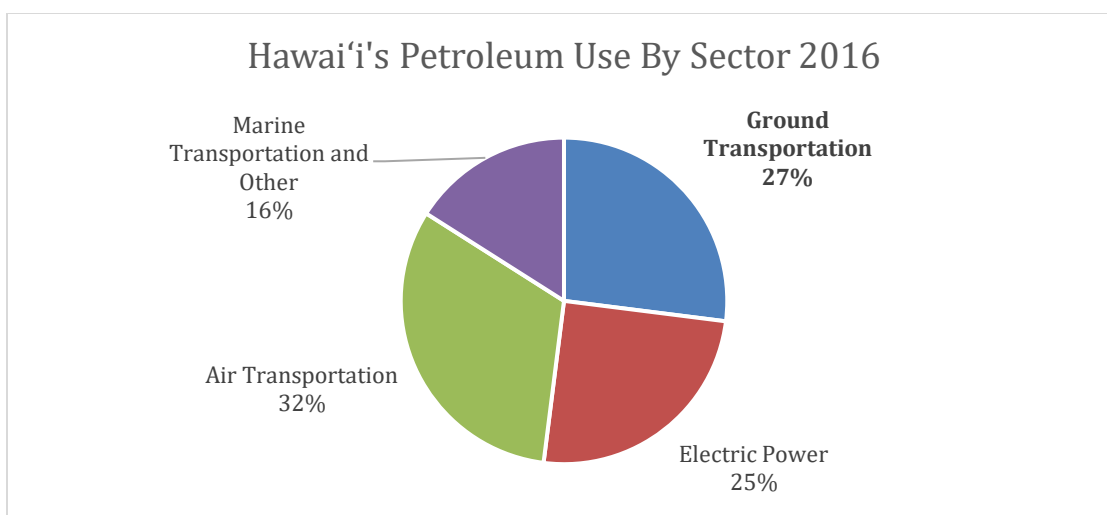
### **EVs Can Alleviate Hawai'i's High Cost of Living**

EVs are an increasingly affordable option for all. For example, the 2019 Nissan Leaf's average MSRP is \$33,095. After the Federal tax credit is considered, the purchase price is \$25,595, which is less than the best-selling sedan in the country, the 2019 Toyota Camry. Attachment A to our testimony compares the purchase price of non-luxury EVs with top-selling sedans and the Toyota Tacoma (the top selling vehicle in Hawai'i).

EVs are also cheaper to operate and maintain because they have fewer moving parts and are more fuel efficient. According to a recent study by the Union of Concerned Scientists, Honolulu drivers could save more than \$500 per year by switching to an EV.

### **EVs Provide Immediate Energy and Environmental Impact**

Ground transportation alone utilizes more than a quarter of the state's imported petroleum. Electrifying ground transportation will reduce our demand for imported fossil fuels, keeping millions of dollars in the state and cutting harmful pollution.



*Source: Hawai'i State Energy Office – Hawai'i Energy Facts & Figures*

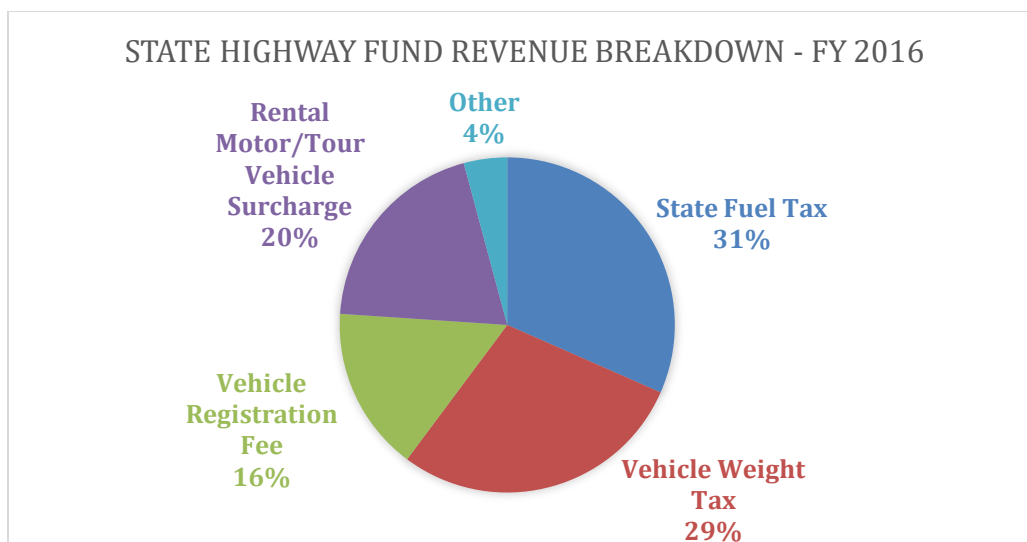
Converting from petroleum-based vehicles to EVs immediately reduces GHG emissions, helping combat climate change and its impacts on our islands. EVs produce zero-emissions at the tailpipe, and even when full lifecycle emissions (from manufacturing through disposal) are considered, EV emissions are approximately 50 percent lower than internal combustion engine (ICE) vehicles.

EVs can also support the integration of more renewables on the electric grid with smart charging technology and rate structures. Thus, proliferating EVs throughout Hawai'i can help accelerate progress towards the State's 100 percent renewable portfolio standard goal, as well as contribute to the State's Paris Agreement commitments and carbon neutral goal.

## **Hawai'i Should Be Sending a Message of Support for EVs**

### EV Market Is Too Nascent For Policies That Hinder Adoption

While we understand the Hawai'i Department of Transportation's (HDOT) desire to supplement lost fuel tax revenue from EVs and that drivers should pay their fair share for road use, we do not believe an EV registration fee is the right answer at this time. While EV adoption has shown impressive growth in Hawai'i, they currently represent less than one percent of all vehicles in the state. Hawai'i must encourage this still nascent market, and it is far too early in the adoption curve to start adding additional costs and barriers to EVs.



*Source: Hawai'i Department of Transportation – Annual Financial Statements*

### EVs Currently Contribute To The State Highway Fund

As you may know, the State Highway Fund is comprised of revenue from the Fuel Tax, Vehicle Weight Tax, Vehicle Registration Fee, and Rental Motor Vehicle Surcharge. EVs already contribute to the State Highway Fund through the existing Vehicle Weight Tax and Vehicle Registration Fee. With 8,331 registered passenger EVs in the state (as of December 2018), only one percent of the State Fuel Tax's 31 percent, a mere 0.3 percent of the State Highway Fund, is affected by EVs.

### Collectively, Policy Needs To Support EVs & More Efficient Vehicles

Most importantly, a new EV fee could send a message that the State is not serious about climate change and does not believe in EV's important role in advancing its sustainability goals. There are several proposed bills in the 2019 legislative session that are EV-related, including a bill seeking to reduce parking and other direct benefits for EVs. Combined, these bills would be detrimental to EV sales and supply. **In fact, recent research by the University of California Institute of Transportation Studies indicates that such bills could reduce EV sales by up to 20 percent.**

Alternatively, there are a number of proposed bills that show strong support for EV adoption, including a rebate/tax credit for investing in EV charging infrastructure. We implore the committee members to consider all of the bills holistically in light of the State's commitments to clean energy and the environment. By balancing bills that will hinder EV adoption with those that would support EVs, the State can build on the current momentum and signal to the market that we support clean transportation.

As Hawai'i's energy issues become increasingly complex and challenging, we appreciate this committee's efforts to look at policies that support clean ground transportation.

Thank you for this opportunity to testify.

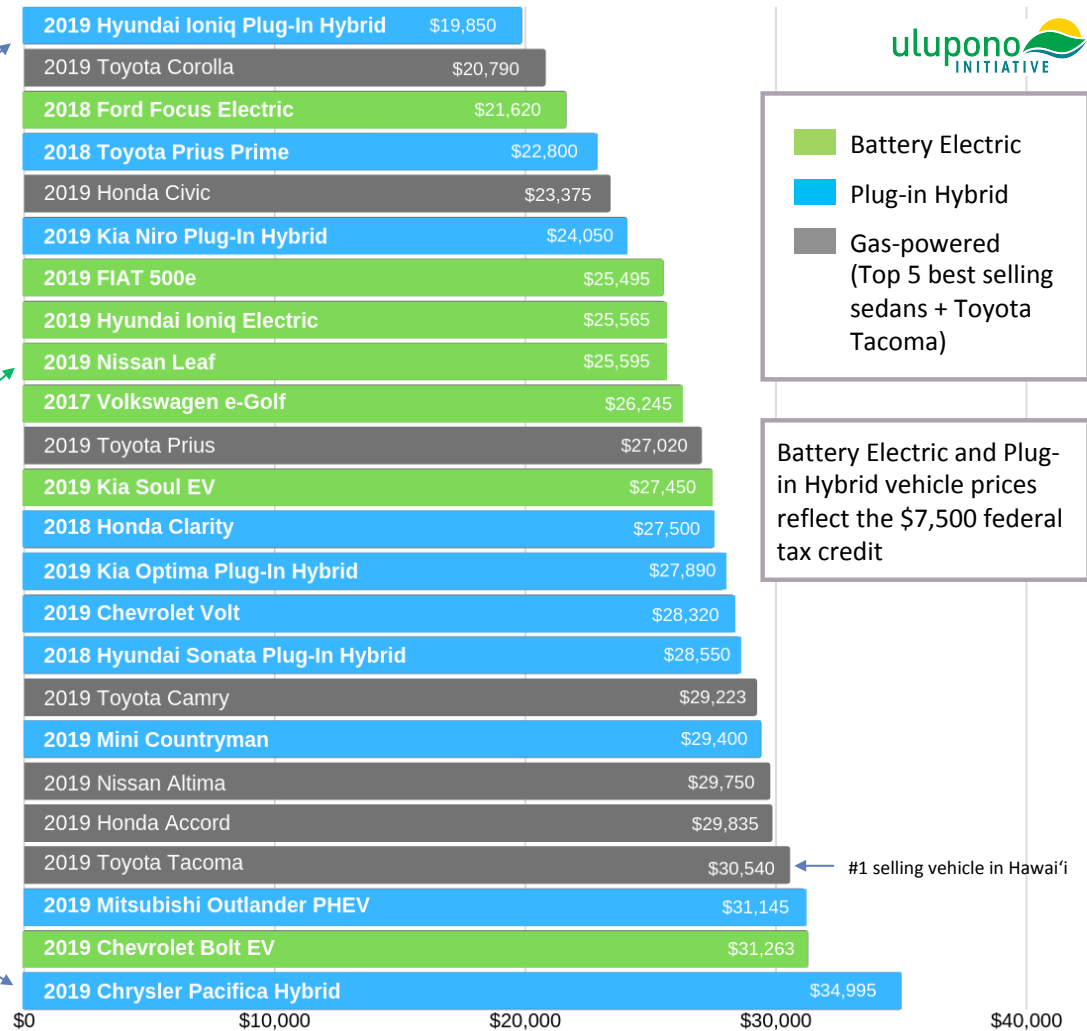
Respectfully,

Murray Clay  
Managing Partner

## Many Affordable EV Options Non-Luxury Vehicle Models (attachment A)



Nationwide Average MSRP Data from Edmunds – January 2019



**TESTIMONY BEFORE HOUSE  
COMMITTEE ON FINANCE**

**S.B. 409, SD2, HD1  
Relating to Electric Vehicles**

Wednesday, March 27, 2019  
2:00 P.M., Agenda # 21  
State Capitol, Conference Room 308

Brennon Morioka  
Director, Electrification of Transportation  
Hawaiian Electric Company, Inc.

Aloha Chair Luke, Vice Cullen Hashimoto and Committee Members,

My name is Brennon Morioka and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities Maui Electric Company and Hawai'i Electric Light Company (collectively, the "Hawaiian Electric Companies") and would like to **offer these comments and concerns** related to S.B. 409, SD2, HD1, Relating to Electric Vehicles.

S.B. 409, SD2, HD1 establishes an annual electric vehicle ("EV") registration surcharge fee to be deposited into the state highway fund. This bill seeks to take steps to address some of the revenue shortfalls that electric vehicles and other alternative fuel vehicles have caused from their lack of contribution to the barrel tax. This is an important undertaking that will require a comprehensive solution in the future when electric vehicles comprise a larger proportion of total vehicles on the road. In short, the EV market is still nascent and such fees may actually discourage the adoption of these vehicles and the transition into clean transportation. Considering the overall EV market

represents approximately one percent of the total registered vehicles in the state, applying this registration fee would likely only result in minimal revenue for the state.

The State Department of Transportation is currently conducting a study on alternative fee structures to recover revenues that could be equitably applied to all types of vehicles, including electric. The Hawaiian Electric Companies recommend that this effort continue to be supported to determine the most appropriate fee mechanism for this issue.

As one of the leaders in the state's clean transportation efforts, the Hawaiian Electric Companies remain committed to an EV strategy that is sustainable and helps create a bridge to a cleaner future.

Thank you for this opportunity to submit comments on S.B. 409, SD2, HD1.



## **TESLA TESTIMONY REGARDING SB 409 SD2 HD1**

**being heard by the House Committee on Finance  
on Wednesday, March 27, 2019 at 2:00 PM**

**Conference Room 308**

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee:

Thank you for the opportunity to provide testimony regarding SB 409 SD2 HD1, which would establish an incremental registration fee on electric vehicles. Although Tesla supports ensuring that all vehicles contribute toward the maintenance of the state's roadways, we do have concerns regarding the approach taken in this measure, which, as currently drafted, singles out electric vehicles and alternative fuel vehicles for inequitable treatment rather than seeking to more fairly and effectively deal with the fundamental issue impacting the collections for roadway maintenance in the state. Tesla believes that this measure sends the wrong signal to existing and prospective EV drivers and is at cross-purposes with the State's interest in promoting EV adoption. Further, given the relatively small number of EVs in Hawaii presently, imposing an additional fee on EVs will do little to increase funding for roadway maintenance – even a \$50 fee would raise less than \$500,000 per year.<sup>1</sup>

Tesla's mission is to accelerate the world's transition to sustainable energy through the deployment of electric vehicles and sustainable energy products, like storage and solar. The transportation sector accounts for a significant share of the state's consumption of fossil fuels, and thus is a major contributor to climate change as well as local air pollution. Electrification of the transportation sector has a critical role to play in weaning the state off of fossil fuels, particularly when paired with strong renewable energy goals, like those established in Hawaii. As the grid gets cleaner, so too does the electrified transportation fleet, which is increasingly powered by emissions-free renewable energy.

Recognizing the important role of vehicle electrification in statewide efforts to curb consumption of fossil fuels and the relatively nascent state of the industry, Tesla encourages the Legislature to act cautiously as it takes steps to address concerns like ensuring that EVs contribute to the state highway fund. A more deliberative and holistic approach can avoid unnecessarily singling out an emerging technology, while ensuring all vehicles, including electric vehicles, are appropriately paying for roadway maintenance.

As has been observed by the Department of Transportation, as vehicle fuel efficiency improves, the amount of funding generated for roadway maintenance through the imposition of conventional fuel

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<sup>1</sup> With an estimated 8300 EVs registered in Hawaii, EVs account for under 2% of the total vehicles in the state. A incremental fee of \$50 would raise less than \$500,000 in incremental funding per year.



taxes is adversely impacted.<sup>2</sup> While EVs, because they use no conventional fuel, are the starkest example of this, improvements in fuel economy more generally across all vehicles pose a challenge to relying on fuel taxes as a primary means of funding roadway maintenance. Implicitly, the use of fuel taxes to pay for roadway maintenance means that fuel consumption is being used as a proxy for a vehicle's contribution to the wear and tear of Hawaii's roadways. However, because of the significant variability in vehicle fuel efficiency, it is an imperfect proxy.

An alternative means of collecting funds for roadway maintenance would be to establish a per mile fee, on the premise that vehicle miles traveled may be a more reasonable measure of a vehicle's contribution to roadway wear and tear. An energy intensity or "BTU" tax is yet another way to collect revenues that may merit consideration. Tesla understands that the Department of Transportation is in the midst of a mileage-based user fee pilot.<sup>3</sup> Rather than imposing policies in the near term, like an EV-specific registration fee, that may work against the State's policy interests in encouraging EV adoption, Tesla believes a range of alternatives should be considered, including mileage-based fees as well as a BTU tax. Any decision to reform the means by which the cost for roadway maintenance are paid for should consider the pros and cons of the various approaches in terms of equity, effectiveness in generating sufficient funds and broader impacts on State policy goals.

If, however, the State chooses to proceed with pursuing incremental registration fees to address this issue, Tesla asks that the legislation be modified in two important ways.

First and foremost, it is problematic that plug-in hybrid electric vehicles, and hybrid vehicles are not also subject to an incremental registration fee, recognizing that the very same issue that is motivating this legislation with respect to EVs is applicable to these vehicles as well. Because these other vehicle types do use some fuel, they will pay some amount in fuel taxes, however, the amount they pay on a per mile basis is far less than conventional vehicles and therefore also contributes to the central concern this legislation seeks to address. These vehicle types represent a much more meaningful share of the vehicles on Hawaii's roadways and are a larger contributor to the funding shortfall than EVs. Tesla therefore requests that these vehicle types be included and subject to an incremental registration fee to ensure equitable treatment and to prevent this policy from creating unfair competitive advantages for certain types of clean vehicle technologies. The actual fee levels for any vehicle category subject to the incremental registration fee requirement should be grounded in reasonable assumptions about vehicle miles traveled and technology-specific fuel economy relative to the average conventional vehicle, with the fee set to make up for the estimated shortfall in contributions to the roadway maintenance fund.

Second, Tesla requests that whatever the implementation date of this legislation, the bill be modified to ensure that the fees apply on a going forward basis only to model years that correspond to the year the new fees go into effect and to all subsequent model years. The fees should not apply to vehicles with

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<sup>2</sup> See October 5, 2016 presentation by the Hawaii Department of Transportation, pgs. 4 and 6; Available for download at <https://hidot.hawaii.gov/wp-content/uploads/2015/04/HDOT-Road-User-Fee-Presentation.pdf>

<sup>3</sup>See "Hawaii is Looking to Adopt a Mileage Tax"; Sophie Cocke, Honolulu Star-Advertiser, September 19, 2016.



model years that predate the effective date of the bill. For example, if the incremental registration fees were to be implemented beginning in 2020 only EVs with model years of 2020 or thereafter would be subject to the new fees. This approach is consistent with the approach taken in California with the passage of Senate Bill 1.<sup>4</sup> Tesla believes it would be unfair to change the value proposition to existing EV owners by subjecting families that purchased their EV prior to the adoption of the fees proposed in the bill to the new fees.

Tesla does wish to note that we did not oppose the prior version of the bill, which included a \$15 fee on EVs. Notwithstanding our principled concerns identified above, were the Committee to re-amend the bill to include this level of fee, Tesla would not be opposed to this measure. Our primary concern is ensuring that if a fee is established, that it not be set such that it creates a barrier or disincentive to EV adoption.

Thank you for the opportunity to submit this testimony.

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<sup>4</sup>See Section 9250.6 of the California Vehicle Code.



## HOUSE COMMITTEE ON FINANCE

March 27, 2019, 2:00 P.M.

Room 308

(Testimony is 2 pages long)

### TESTIMONY IN OPPOSITION TO SB 409 SD2 HD1

Aloha Chair Luke, Vice Chair Cullen, and Committee members:

Blue Planet Foundation **opposes** SB 409, which may slow our transition to clean transportation by adding to the initial cost of electric vehicles (EVs). Hawaii has adopted critical clean energy targets for renewable energy (100% by 2045), net carbon neutrality (by 2045 through Act 15 of 2018), carbon emissions reduction (commitment to the Paris Climate Agreement goals), and clean transportation (100% renewable transportation by 2045, as adopted by each of the county mayors). Achieving these targets requires an aggressive transformation in Hawaii's energy sector from fossil fuels to clean energy sources.

Because ground transportation accounts for roughly 25% of Hawaii's greenhouse gas emissions, electric vehicles play an important role in moving Hawaii towards its ambitious climate and energy targets. We respectfully urge the legislature to consider the larger policy goals for the state when contemplating any changes to the current incentives for EV adoption.

Although EVs that use the existing electricity grid to charge still use mostly fossil fuel, they use that fuel more effectively than burning fuel directly in a typical gasoline engine. This is why EVs are much less expensive to "fuel" per mile than their gasoline counterparts. Further, by using stored electrical energy, EVs can take advantage of intermittent solar, wind, and other clean energy resources. Most vehicles sit idle over 22 hours of the day, so they can become *de facto* energy storage devices if their batteries are plugged into the grid when they are not in use. With smart grid infrastructure in place, EVs become an essential component to electricity load and clean energy resource balancing—in addition to providing clean mobility solutions for Hawaii residents.

This, in part, inspired the mayors from all four of Hawaii's counties in December 2017, to pledge to transform ground transportation to 100% renewable fuel by 2045. The purpose of their action was to set a vision for clean, modern mobility options for all. This goal is necessary and achievable. The state should support these county goals with appropriate incentives to foster the rapid adoption of electric and other renewable fuel vehicles.

With the mayors' proclamations in 2017, Hawaii joined the ranks of several countries who have also recognized that fossil fuel-powered ground transportation needs to end. Both France and Britain have set a target phasing out the sale of new gas cars by 2040. India set a similar goal for 2030. Belgium, Sweden, and Norway are developing policies to do the same. China also announced plans to electrify its entire vehicle fleet.

These countries recognize the environmental imperative for setting long-term transportation policies. Here, policy is key, as the market fails to account for the environmental and social cost of carbon pollution from vehicles today.

Barriers still remain to widespread EV adoption, including initial vehicle cost, lack of charging infrastructure, and vehicle range. That is why many U.S. states have provided incentives—often in the form of a rebate—to prospective purchasers to help overcome these hurdles. **Instead of incentivizing, Senate Bill 409 actively disincentivizes electrification of transportation by creating an additional cost premium to EV adoption.**

Additionally, the Hawaii Department of Transportation (HDOT)—through stakeholder engagement—has recently begun working to identify an alternative funding mechanism to replace the gas tax, with the understanding that ground transportation will increasingly be powered by electricity in the future. HDOT is currently launching a new Road User Charge pilot program to see how a per-mile user fee could be an effective way of maintaining our revenue streams as gas tax revenues diminish. Senate Bill 409, which would effectively disincentivize electric vehicles, goes actively against Hawaii's renewable energy and transportation goals and should not be implemented at a time when more long-term and balanced funding solutions are being refined by the State.

**Additional fees on EVs should not be considered until HDOT completes its Road User Charge study and develops its plan for a new, sustainable, mileage-based revenue stream.** Rather, immediate priority should be placed on implementing a comprehensive, phased incentive structure for EV adoption that complements our renewable transportation goals and climate and carbon neutral commitments.

We respectfully request that the Committee hold SB 409.

Thank you for the opportunity to testify.



To: The House Committee on Finance  
From: Brodie Lockard, Hawaii State Climate Lead, Organizing for Action  
Date: Wednesday, March 27, 2019, 2:00 pm

**Opposing SB 409 SD2 HD1**

Dear FIN Chair Luke, Vice Chair Cullen, and Committee Members—

Organizing for Action opposes SB 409 SD2 HD1.

We urge you to defer this bill. It actively goes against Hawaii's renewable energy and transportation goals by disincentivizing EV adoption. Electric cars represent less than 1% of vehicles on our roads. It would be shameful if our state put more importance over the revenue from such a miniscule number of vehicles than the critical actions needed to fight climate change and transition to a clean energy economy.

EVs are an important part of our state achieving its sustainability goals, and we should be doing everything we can to incentivize them, not create unnecessary barriers to their adoption. Each and every action taken that creates an obstacle to our fast transition to a clean energy economy helps steal a safe climate future from our children.

On March 15, millions of youth and their adult allies from around the globe, including hundreds right here at the state capitol, gathered to urge our governments to urgently enact policies that will speed up efforts to end the climate crisis while there's still a chance. That also means stopping short-sighted and harmful bills like SB 409 that take us in the wrong direction in our fight against global warming.

We know you share our concerns about climate change and realize that the science tells us we are running out of time. Help our children inherit a healthy, habitable planet.

Please defer this short-sighted bill.

Thank you for the opportunity to testify.

Brodie Lockard  
Hawaii State Climate Lead, Organizing for Action

**SB-409-HD-1**

Submitted on: 3/26/2019 7:44:51 AM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Noel Morin	Big Island EV Association	Oppose	No

Comments:

Dear Senators,

SB 409 SD2 HD1 will deter the adoption of electric vehicles in Hawaii. These cars represent an important part of our state's sustainability goals so we should find way to incent adoption, not curtail it. As I've stated in a previous testimony, electric car owners pay a premium to acquire their vehicles (reflected in the GE tax), some pay additional for the 'weight tax' (electric cars are heavier that comparably sized counterparts), and pay more for electricity (also a GE tax contributor). The additional surcharge adds to the cost burden.

While it is inevitable that a tax to address road maintenance is inevitable, I think that it is too soon to introduce this additional fee for electric car owners. Electric cars represent less than 1% of passenger transportation in the state so the revenue impact is small. However, the surcharge will propagate the perception that 'it costs a lot more to own an EV' and this creates an unnecessary drag on adoption.

Lastly, I'm very concerned exclusion of the surcharge fee and hybrids in the bill. In the previous version, the amount of \$15 was listed. The amount is blanked out in the latest version. Why??? Additionally, with hybrids excluded, we now have a bill that can be construed as anti-electric vehicle.

Transportation uses a significant portion of the imported oil each year. We must do all we can to escalate the shift to electric vehicles so that we can reduce the need for this oil. This bill serves to slow us down. Please vote No on SB 409.

Thank you,

Noel Morin

PO Box 6310, Hilo, HI 96720

President - Big Island Electric Vehicle Association

**SB-409-HD-1**

Submitted on: 3/26/2019 6:59:54 AM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Clayton	Individual	Oppose	No

## Comments:

This bill targets the wrong vehicles... that is, if the ultimate goal is to recover road maintenance revenue lost due to electric vehicle use. Sports Utility Vehicles are much heavier than EV's, guzzle gasoline and require far more pollution and natural resource demands to manufacture than EVs. They crush, rut and crack the pavement and incur far more highway maintenance expense than EVs. So if the state wants to claim that it is at the forefront of green energy policy, where is the wisdom of adding registration taxes on EVs instead of targeting the real cause of the problems? Makes me wonder how much petroleum industry lobby money is promoting this legislation...

**SB-409-HD-1**

Submitted on: 3/26/2019 7:44:15 AM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
LOREN C SAMPSON	Individual	Oppose	No

## Comments:

Quit finding ways to extract money from everyone! You Statists encourage buying EVs to "Save the planet" and it becomes economical and viable to the citizens who use less fossil fuels yet you feel you must find a way to extract more taxes. Pathetic. Just increase your gas taxes as usual. The feeble minded who vote you in over and over again in this state won't change their vote. Don't worry your safe.

**SB-409-HD-1**

Submitted on: 3/26/2019 8:13:38 AM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Timothy Kim	Individual	Oppose	No

## Comments:

As we as a State continue to strive for the goal of being free from petroleum use in an effort to curb climate change, we need to encourage the use of alternate forms of transportation. Electric vehicles, coupled with production of electricity using means other than burning oil and coal, will help us reach that goal. This bill is going to penalize use of these modes of transportation. I strongly oppose this bill.

**SB-409-HD-1**

Submitted on: 3/26/2019 8:23:32 AM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Fernando L Alvarado	Individual	Comments	No

## Comments:

It is important that all cars pay for the roads. But it is a very bad idea to create a separate category for EVs and single them out. I believe that the gasoline tax needs to be repealed and replaced with a different way to pay for the roads -- such as a higher registration fee or a "per mile" charge using existing technology -- and make ALL cars be equal. (Now, if you want to additionally add a carbon tax to gasoline to discourage emissions, that is a different story, and I for one would support it, but do not mix it up with the "paying for the roads" issue). You know the day is coming in a few years where the majority of the cars on the road will be electric, so the time to design a fair system is now.

**SB-409-HD-1**

Submitted on: 3/26/2019 8:55:02 AM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Bernard M Moret	Individual	Oppose	No

Comments:

Dear legislators,

My wife, Carol Fryer, and I, both registered voters in the County of Hawaii, would like to register our opposition to this bill. We are quite conscious of the lack of a sufficient revenue stream for road maintenance and construction in the state, but this bill is not the right approach. We should encourage EV adoption, not put upfront costs. The main cause for the decrease in revenue is the increasing efficiency of internal combustion engines, combined with the lack of any indexation of the tax to account for inflation. EVs so far make up less than 2% of the cars on the road, so the proposed levy would hardly make a difference in the budget. Finally, 95% of the damage to the roads is done by less than 5% of the vehicles on it, namely tract trailers and other very heavy vehicles: a US Govt Accounting Office study thoroughly documented that back in the 1980s.

We would urge you not to pass SB409 and to create a task force to devise a sustainable, long-term plan to fund road maintenance and construction in a way that continues to incentivize clean and efficient vehicles. A road usage tax based on annual mileage might do well, for instance. The most effective measure would be a reduction in the maximum weight per axle for trucks, because, according to that GAO study, the damage to roads increases with the square of the weight per axle -- meaning that even a modest reduction, say from 20,000lbs down to 15,000lbs per axle, would yield close to 50% extra life for the roadways.

Respectfully submitted,

Bernard Moret

**SB-409-HD-1**

Submitted on: 3/26/2019 8:59:28 AM

Testimony for FIN on 3/27/2019 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lorn	Individual	Oppose	No

Comments:

This is a very poorly constructed bill and is contray to the state's energy vision for the future. It's assumption about wear and tear is not supported by facts. Please vote NO and lets reconsider sensible legislation.

**SB-409-HD-1**

Submitted on: 3/26/2019 9:11:20 AM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Peter Forman	Individual	Oppose	No

## Comments:

Dear House Committee on Finance members,  
I oppose SB 409 SD2 HD1 in its current form because of unfortunate changes made in the bill. Instead of listing the amount of supplemental fees that EV owners must pay, the new bill leaves this amount open, and I am never comfortable giving the government a blank check.

Further, the bill omits hybrid vehicles from payments and places the entire burden on battery electric vehicles. Some hybrids such as the Honda Clarity allow owners full access to EV privileges, enable enough range on battery for most if not all of the day's driving to be done without starting the gasoline engine, and yet these vehicles would fall between the cracks and pay little to no gasoline taxes and no EV surcharges.

We EV owners are willing to pay our fair share of road taxes, but we want to see fairness in how the taxes are applied. Keep in mind that since battery-only EVs cost considerably more than gas vehicles, we are already paying additional taxes (excise tax) to the state, compared with gas cars and hybrids with relatively small batteries. Please revise this bill so that it is fair, and if you do so the EV community will support it, rather than oppose it.

Sincerely,

Peter Forman

EV owner

Kailua, Hawaii

**SB-409-HD-1**

Submitted on: 3/26/2019 10:10:50 AM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Nanette Vinton	Individual	Oppose	No

## Comments:

Honorable Chair Luke and Vice Chair Cullen,

I am writing in **opposition** to SB409 SD2 HD1 which establishes an annual vehicle registration surcharge fee on EVs and alternative fuel vehicles to be deposited into the State Highway Fund.

Amendments to this bill have changed the proposed fee from \$15 (which was reasonable) to an unspecified amount which I can only assume will be higher. In addition, plug-in hybrid vehicles were exempted from this fee.

As a longtime EV owner, I believe it is reasonable for us to pay for our fair share of road maintenance costs. However, it is unfair that EVs seem to be taking the brunt of the blame for the revenue decline to the highway fund. Overall, gas powered cars have become more fuel efficient and thus should have a much larger impact on declining revenues. EVs account for 1% of the vehicle population. And now with the removal of plug-in hybrids from this registration fee, the impact on increased funds from this fee is even more miniscule. I believe our legislators should seek other alternatives to increase funding for our road maintenance that covers all vehicles in the state and not just single out EVs.

In addition, adding an EV registration surcharge now seems to be counterproductive to the State's clean transportation goals.

Respectfully submitted,

Nanette Vinton

**SB-409-HD-1**

Submitted on: 3/26/2019 11:03:53 AM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
G Tom	Individual	Oppose	No

## Comments:

The amended language in SB409 SD2 is unclear regarding what types of vehicles would be subject to the registration fee surcharge. Also, if the intent of the bill is address the decreasing fuel tax revenues, then hybrid vehicles (not just plug in hybrid vehicles), and are a much larger population than pure electric vehicles, should also be subject to a surcharge.

Overall, although I support the need for electric vehicles to pay a tax for using the road, the surcharge mechanism that this bill creates would not solve the problem of reduced fuel tax collections.

**SB-409-HD-1**

Submitted on: 3/26/2019 12:24:34 PM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joshua Walawender	Individual	Oppose	No

## Comments:

I'm writing to register my opposition to this bill. While I understand a desire for fairness in the taxing system and that there may be some feeling that alternative fuel vehicles such as electric vehicles (EVs) are getting a free ride. I think that with the pressing concern of climate change, Hawaii should be doing everything it can to encourage cleaner transportation. Make no mistake about it, this will have the effect of encouraging citizens to buy polluting vehicles. As the existing EV fleet matures and more and more EVs become available on the second hand market, we should do everything we can to encourage our citizens to make choices that will reduce our global warming impact. This bill is straight up anti-environmental and I find it astonishing that the government of Hawaii would even consider it.



**SERVCO**

**SERVCO PACIFIC INC.**  
2850 PUKOLOA ST. STE. 300  
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[SERVCO.COM](http://SERVCO.COM)

Representative Sylvia Luke, Chair  
Representative Ty Cullen, Vice Chair  
Committee on Finance

**RE: SB 409 SD2 HD1 – Relating to Electric Vehicles- In Opposition**  
Wednesday, March 27, 2019; 2:00 PM; Conference room 308; Agenda #1

Aloha Chair Luke, Vice Chair Cullen and members of the committee,

Servco Pacific Inc. (“Servco”) is in opposition of SB 409 SD2 HD1, which establishes an annual vehicle registration surcharge fee for electric vehicles and alternative fuel vehicles to be deposited into the state highway fund.

Electric vehicles are still in the early stages of adoption, representing approximately 1% of the total registered vehicles in the state. This bill is counter to the State’s clean air goals and a disincentive to those who want to drive environmentally-friendly cars.

Current issues facing EV adoption include lack of charging infrastructure and vehicle range. We appreciate the legislature’s consideration of incentives to help address these challenges. This bill does the opposite. There needs to be a balance between incentivizing technologies that will usher in a new transportation and energy future to meet the State’s specified goals, with the practical need to adequately fund the maintenance and operations of the State’s highways.

We believe an equitable, comprehensive solution is needed for transportation infrastructure funding.

For the above reasons, we respectfully request that the committee hold this bill. Thank you.

Alan Lundgren  
VP, General Counsel  
Corporate Legal

**LATE**

**SB-409-HD-1**

Submitted on: 3/26/2019 5:12:31 PM

Testimony for FIN on 3/27/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
De MONT R. D. CONNER	Ho'omanapono Political Action Committee (HPAC)	Support	Yes

Comments:

**WE STRONGLY SUPPORT THIS BILL.**

From: igtwink@aol.com  
Sent: Tuesday, March 26, 2019 6:33 PM  
To: FINtestimony  
Subject: SB409SD2HD1



Honorable Senator Inouye,

My name is Gary Tomita. I am not in favor of the above referenced bill.

First of all I purchased an EV to help the State of Hawaii attain Governor Ige's goal of achieving 100% sustainability from reliance on gasoline consumption thereby reducing our carbon footprint.

Secondly, I have never given anyone a blank check to pay an unknown business transaction. This is what this current bill proposes in charging EV owners an amount to be filled in at a later date.

The other issue is the exclusion of EV/GAS Hybrid Vehicles from the assessment. This is definitely a move to blatantly discriminate against the 1% of EV registered owners. This creates a segregated class of vehicles that are at the mercy of the Department of Transportation.

I sincerely hope that at my age of 70, I will be able to enjoy my Tesla. I also have solar to power my home and EV.

To place an additional assessment to make up gasoline tax shortfalls on EV owners further burdens those of us on fixed incomes.

Respectfully submitted,

Gary Tomita

92-1477 Hoalii Street

Kapolei, HI 96707



**SanHi**

GOVERNMENT STRATEGIES  
A LIMITED LIABILITY LAW PARTNERSHIP

**LATE**

DATE: March 27, 2019

TO: Representative Sylvia Luke  
Chair, Committee on Finance

*Submitted Via Capitol Website*

FROM: Tiffany Yajima

RE: **S.B. 409, S.D.2, H.D.1 – Relating to Electric Vehicles**  
**Hearing Date: Wednesday, March 27, 2019 at 2:00 p.m.**  
**Conference Room: 308**

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Dear Chair Luke and Members of the Committee on Finance:

On behalf of the Alliance of Automobile Manufacturers (“Alliance”) we submit these comments on S.B. 409, S.D.2, H.D.1.

The Alliance is a trade association of twelve car and light truck manufacturers including BMW Group, Fiat Chrysler Automobiles, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of North America, and Volvo Car USA.

S.B. 409, S.D.2, H.D.1 would establish an unspecified annual vehicle registration surcharge fee for each electric vehicle and alternative fuel vehicle that is registered in the state. This surcharge would be applicable to all vehicle model years and would be assessed on top of the annual \$45 vehicle registration fee with proceeds directed to the state highway fund.

The Alliance appreciates the amendments made in the prior committee to remove hybrid vehicles from the surcharge fee because drivers of these vehicles already contribute to the state highway fund through the gas tax.

However, an annual vehicle registration surcharge fee has the potential to create a disincentive for early adopters of electric vehicles and alternative fuel vehicles at a critical time in the push for the electrification of transportation. The Alliance therefore suggests the following amendment to establish a vehicle registration surcharge fee applicable beginning with the first registration renewal. This amendment would provide an incentive for electric vehicles buyers at the time of purchase:

“provided that electric vehicles and alternative fuel vehicles shall pay an annual vehicle registration surcharge fee of \$ \_\_\_\_\_, which shall be assessed and collected beginning

with the first registration renewal for every electric vehicle and alternative fuel vehicle and shall be deposited into the state highway fund established under section 248-8."

Finally, if the committee is inclined to pass this measure, the Alliance prefers the S.D.2 version of this measure which would set the surcharge fee at \$15.

Thank you for the opportunity to submit testimony on this measure.

**SB-409-HD-1**

Submitted on: 3/26/2019 8:28:39 PM

Testimony for FIN on 3/27/2019 2:00:00 PM

**LATE**

Submitted By	Organization	Testifier Position	Present at Hearing
Gary K. Tomita	Individual	Oppose	No

Comments:

Honorable Senators,

My name is Gary Tomita. I am not in favor of the above referenced bill.

First of all, I purchased an EV to help the State of Hawaii attain Governor Ige's goal of achieving 100% sustainability from reliance on gasoline consumption, thereby reducing our carbon footprint.

Secondly, I have never given anyone a blank check to pay an unknown business transaction. This is what this current bill proposes in charging EV owners an amount to be filled in at a later date.

Additionally of issue is the exclusion of EV/GAS Hybrid Vehicles from the assessment. This is definitely a move to blatantly discriminate against the 1% of EV registered owners. This creates a segregated class of vehicles that are at the mercy of the Department of Transportation.

I sinceretely hope that at my age of 70, I WILK be able to enjoy my Tesla. I also have solar to power my home and EV.

To place an additional assessment to make up gasoline tax shortfalls on EV owners further burdens those of us on fixed incomes.

Respectfully submitted,

Gary Tomita

92-1477 Hoalii Street

Kapolei, HI 96707

Ph: 343-3387

**From:** igtwink@aol.com  
**Sent:** Tuesday, March 26, 2019 8:02 PM  
**To:** FINtestimony  
**Subject:** SB409SD2HD1

**LATE**

Honorable Senator Taniguchi,

My name is Gary Tomita. I am not in favor of the above referenced bill.

First of all I purchased an EV to help the State of Hawaii attain Goerrnor Ige's goal of achieving 100% sustainability from reliance on gasoline consumption, thereby reducing our carbon footprint.

Secondly, I have never given anyone a blank check to pay for a business transaction. This is what this current bill proposes in charging EV owners an amount to be filled in at a later date.

Additionally of issue is the exclusion of EV/GAS Hybrid Vehicles from the assessment. This is definitely a move to blatantly discriminate against the 1% EV registered owners. This creates a segregated class of vehicles that are at the mercy of the Department of Transportation.

I sincerely hope that at my age of 70, I will be able to enjoy my Tesla. I also have solar to power my home and EV.

To place an additional assessment to make up gasoline tax shortfalls on EV owners further burdens those of us on fixed incomes.

Respectfully submitted,

Gary Tomita

92-1477 Hoalii Street

Kapolei, HI 96707

Ph: 343-3387

**LATE**

From: igtwink@aol.com  
Sent: Tuesday, March 26, 2019 7:00 PM  
To: FINtestimony  
Subject: SB409SD2HD1

Honorable Senator Kidani,

My name is Gary Tomita. I am not in favor of the above referenced bill.

First of all, I purchased an EV to help the State of Hawaii attain Governor Ige's goal of achieving 100% sustainability from reliance on gasoline consumption, thereby reducing our carbon footprint.

Secondly, I have never given anyone a blank check to pay an unknown business transaction. This is what this current bill proposes in charging EV owners an amount to be filled in at a later date.

Additionally of issue is the exclusion of EV/GAS Hybrid Vehicles from the assessment. This is definitely a move to blatantly discriminate against the 1% of EV registered owners. This creates a segregated class of vehicles that are at the mercy of the Department of Transportation.

I sincerely hope that at my age of 70, I will be able to enjoy my Tesla. I also have solar to power my home and EV.

To place an additional assessment to make up gasoline tax shortfalls further burdens those of us on fixed incomes.

Respectfully submitted,

Gary Tomita

92-1477 Hoalii Street

Kapolei, HI 96707



# SIERRA CLUB OF HAWAI'I

## MĀLAMA I KA HONUA. *Cherish the Earth.*

### HOUSE COMMITTEE ON FINANCE

March 27, 2019      2PM      Room 308

**LATE**

**In OPPOSITION of SB409:** Relating to Electric Vehicles

---

Aloha Chair Luke and members of the Finance committee,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i **opposes** SB409 which proposes to increase fees on the use of electric vehicles.

The Sierra Club is committed to preventing the worst effects of climate change in Hawai'i and throughout the U.S. Ensuring broad adoption of electric vehicles is a key component to ensuring that Hawai'i meets its goals for a carbon neutral economy by 2045, but also continues to lead the U.S. in visionary climate policy.

Adopting this bill would be a major step in the wrong direction. EVs are crucial to stopping climate change. The United Nations has concluded that if carbon emissions are neutralized within approximately ten years, we will lose the opportunity to prevent the worst effects of climate change from occurring. Gas-fueled cars emit 24 pounds of carbon dioxide for every gallon of gas consumed. Because emissions from vehicles are one fifth of U.S. emissions, we know that converting drivers to electric vehicles is crucial to meeting this 10-year window.

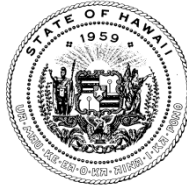
We are concerned that imposing an additional fee on EVs will likely depress consumer willingness to entertain this still relatively new technology. Public policies should be rewarding and encouraging drivers to convert to electric vehicles, while discouraging gas-fueled vehicles.

Moreover, imposing an electric vehicle surcharge will not collect a significant amount of money. In 2017, less than 3% of the cars on the road were electric vehicles.

Thus, this bill would serve only to dampen consumer enthusiasm for EVs while failing to provide a meaningful source of funding for road repairs.

Thank you very much for this opportunity to provide testimony in **opposition of SB409**.

Mahalo,  
Marti Townsend  
Chapter Director



**TESTIMONY BY:**

JADE T. BUTAY  
DIRECTOR

Deputy Directors  
LYNN A.S. ARAKI-REGAN  
DEREK J. CHOW  
ROSS M. HIGASHI  
EDWIN H. SNIFFEN

**STATE OF HAWAII**  
**DEPARTMENT OF TRANSPORTATION**  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

**LATE**

March 27, 2019  
2:00 p.m.  
State Capitol, Room 308

**S.B. 409, S.D.2, H.D. 1**  
**RELATING TO ELECTRIC VEHICLES**

House Committee on Finance

The Department of Transportation (DOT) **supports** S.B. 409 S.D.1, H.D. 1 which will establish an annual electric vehicle registration surcharge and deposit the fees collected into the state highway fund for electric and alternative fuel vehicles.

It is important that all users, including owners of electric vehicles and alternative fuel vehicles that are driven on the state highways, contribute their share of revenues to support the needs of the state highway fund. These vehicles inflict wear and tear on the roads, but use little to no fuel and therefore do not incur any fuel taxes.

There are approximately 7,000 electric and 25,000 hybrid vehicles on Hawaii highways. The current version, HD1, has removed the hybrid vehicles from the surcharge, thus reducing receipt to less than  $\frac{3}{4}$  of the original pool to generate funds that can be used to repair the aging highway infrastructure and help ensure that all are paying their fair share.

In addition, the DOT seeks fairness to all users of public parking facilities and hopes this committee would consider an amendment to clarify provisions on electric vehicle parking by limiting the unlimited free parking electric vehicle incentive to 4 hours which will improve access to parking and charging stations:

SECTION 3. Act 168, Session Laws of Hawaii 2012, is amended by amending section 2 to read as follows:

"SECTION 2. (a) The department of transportation may adopt rules pursuant to chapter 91, Hawaii Revised Statutes, for the registration of, and issuance of special license plates for, electric vehicles.

(b) An electric vehicle on which an electric vehicle license plate is affixed shall be exempt from payment of parking fees, including those collected through parking meters, charged by any state or county authority in this State, except that this exemption shall not apply:

- (1) For more than two and one-half hours of metered parking, or the maximum amount of time the meter allows, whichever is longer; or
- (2) For non-metered parking stalls, for any period longer than the initial four hours of use of the parking stall.

(c) An electric vehicle on which an electric vehicle license plate is affixed shall be exempt from high occupancy vehicle lane restrictions.

(d) For the purposes of this Act:

"Electric vehicle" means:

- (1) A neighborhood electric vehicle; [Ø]
- (2) A vehicle, with four or more wheels, that draws propulsion energy from a battery with at least four kilowatt hours of energy storage capacity that can be recharged from an external source of electricity [---] or
- (3) A fuel cell electric vehicle.

"Fuel cell electric vehicle" means a zero-emission electric vehicle that uses a fuel cell to convert hydrogen gas and oxygen into electricity that is used in a vehicle powertrain for propulsion."

Thank you for the opportunity to provide testimony.